

Connections

An **Office of Retirement Services** Publication

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Our Mission

We are a customer focused organization that serves members and employees today and prepares them for tomorrow.

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Funding status of the Public School Employees Retirement System

This issue of *Connections* provides a summary of the financial standings reported in the 2006 *Comprehensive Annual Financial Report (CAFR)*. It is meant to give you a quick and easy synopsis of the system's financial activities for the fiscal year that ended September 30, 2006.

The funded status of the system as reported in the *CAFR* is 79.3 percent. The higher the percentage, the stronger the pension system. The calculation of this percentage is explained in detail in the financial section of the 2006 *CAFR*, which can be found at www.michigan.gov/ors.

Because of dynamic market changes, the retirement system invests for the long run in a broad, diversified group of assets. This strategy helps to stabilize returns over time. Pension payments are guaranteed by the Michigan Constitution.

During fiscal year 2005-2006 the retirement system's net assets increased to \$43.6 billion. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

As of September 30, 2006, there were 157,163 retirees and beneficiaries receiving monthly benefits. Approximately 305,445 active employees were reported during fiscal year 2005-2006. Of these, 118,765 have fully vested rights to their retirement benefits.

A financial summary of your retirement system for fiscal year 2006 can be found on the back page of this newsletter.

Working after you retire

If you are considering employment after you retire, you are certainly not alone. As 60 becomes the new 40, many retirees don't feel ready to fall into the stereotypical retirement. A new job or career is a great way to maintain a happy and healthy lifestyle in retirement. Read on for tips on working after retirement.

Have fun. Retirement is an excellent opportunity to discover what you enjoy doing and how exactly you want to spend your time. Find work relating to a life-

long hobby or try something new that perhaps wasn't possible before retirement. This could be personally fulfilling and may help keep your mind and body active as well as keeping you socially active.



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From the Director



I am honored to serve as your director of the Office of Retirement Services within the Department of Management and Budget.

Since 1988 I have been with this office and throughout my tenure I have had the opportunity and good fortune to work alongside great coworkers and supportive

leaders. I've seen great strides in customer service, staff development, and strategic business planning.

Our office has always and will continue to pride itself on being proactive in identifying and meeting the needs of our customers in a timely and cost-effective manner. In 2006 we celebrated great

milestones: our online employer reporting process is fully implemented, and we converted to our new pension payment processing system. These process enhancements offer increased efficiencies and improved services to you, our customers, as well as our staff, and we look forward to celebrating even greater improvements in the years to come.

Throughout the years we have received valuable feedback from our customers and I hope that you will continue to share your suggestions with us so that we can continue to provide you with top-notch services.

Sincerely,

A handwritten signature in dark ink that reads "Phil Stoddard". The signature is fluid and cursive, with the first name "Phil" being more prominent.

Phil Stoddard

Working after you retire *Continued from page 1*

Make extra cash. Why not put some extra money in your pocket while indulging in a hobby? Some retirees may find their retirement benefits, social security, and personal savings fall short of supporting desired lifestyles or goals. Returning to work could compensate for a shortage in retirement income.

Your public school retirement benefits. If you retire under the regular age and service provision (not under a disability), you do not need to report any wages or earnings unless your employer is a member of the Michigan Public School Employees Retirement System.

If you earn wages from a participating Michigan reporting unit (a school, college, university, or library

that is a member of this retirement system) you may be subject to employment restrictions or earnings limitation. For more information, visit www.michigan.gov/orsschools.

Remember, you may not work within the first month of your retirement effective date (even as a volunteer) for a participating reporting unit or for the state of Michigan.

While returning to work is a great option for many retirees, some may prefer to focus on leisure and relaxation. Either way, do what is best for you and ENJOY.

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FUN FACTS

People 65 and older account for approximately 12 percent of the total population in the United States. Check out some of these other statistics on seniors in the U. S. as reported by the United States Census Bureau, www.census.gov.

63.3 million

The number of people 65 and older in 2004.

4.6 million

The number of people age 65 and older still employed in 2003.

3.7 million

Foreign born U.S. residents 65 and older in 2004.

9.7 million

People age 65 and over who are military veterans.

73,000

Number of people 65 and over enrolled in college in 2002.

880,000

Number of people added each month to the world's population of people 65 and older.

17 Percent

Percent of Florida's population 65 and older in 2004. West Virginia, Pennsylvania, North Dakota, and Iowa followed closely at 15 percent each.

WHEN TO CONTACT ORS

Not sure what needs to be reported? Here we list the most common situations that would require contact with ORS. Please use it as a general guide only. Because we can't list every possible event that should be reported, it's best to contact us if you're unsure.

Address Change. Be sure ORS knows your current mailing address at all times so you receive your statements and other important notices.

Death. ORS should be immediately notified upon the death of a pension recipient; a pension beneficiary; or anyone enrolled in your health, dental, or vision insurances.

Divorce. Notify ORS immediately if your ex-spouse is enrolled in your insurances. And, if you elected a survivor option with your ex-spouse as beneficiary, it's best to contact us before your divorce because we can only change your pension if ordered by the court.

EFT Change. Notify us if you want to sign up for electronic funds transfer (EFT) or change your EFT bank account. Be sure to keep your old account open until your pension payment is deposited to the new account.

Marriage. Notify ORS within 30 days whenever an insurance dependent marries, or if you wish to enroll your new spouse in your insurances.

Medicare. Any person enrolled in your health insurances must sign up for Medicare Parts A & B when first eligible. Send ORS a copy of the Medicare card if this happens before age 65.

Details about reporting these and other life events, as well as forms you'll need, can be found online or by contacting ORS.

Pension due dates

Pension payments are issued on the 25th of the month. If the 25th falls on a weekend or holiday, your pension will be paid the previous business day.

If your EFT is not credited within three days after that date, please call ORS. If your check is delayed, we can reissue it after the seventh of the following month.

Holidays

ORS offices will be closed on the dates listed below.

May 28 - Memorial Day

July 4 - Fourth of July

September 3 - Labor Day

Keep in mind that our website is a valuable tool.

www.michigan.gov/ors

Public School Employees Retirement System

Assets & Liabilities			Revenues & Expenditures		
	FY 2006	FY 2005		FY 2006	FY 2005
Assets			Revenues		
Cash	\$ 81,654,557	\$ 82,407,996	Public Financed and		
Receivables	569,167,001	414,608,568	Member Contributions	\$ 2,273,811,562	\$ 1,905,414,548
Collateral on Loaned Securities	6,711,645,224	2,222,789,940	Net Investment Income	4,968,618,398	4,569,317,768
Investments	43,063,922,881	39,486,131,312	Total Revenues	\$ 7,242,429,960	\$ 6,474,732,316
Total Assets	\$ 50,426,389,663	\$42,205,937,816	Expenditures		
Liabilities			Benefit Payments	\$ 2,761,292,217	\$ 2,558,017,710
Accounts Payable and Other Liabilities	89,124,169	97,823,463	Health, Dental, and Vision Benefits	634,811,847	705,983,783
Obligations Under Securities Lending	6,711,645,224	2,222,789,940	Transfers and Refunds	24,069,251	22,373,456
Total Liabilities	\$ 6,800,769,393	\$ 2,320,613,403	Admin. Expenses	81,960,788	75,517,985
Net Assets	\$ 43,625,620,270	\$39,885,324,413	Total Expenditures	\$ 3,502,134,103	\$ 3,361,892,934
			Beginning of Year Net Assets	\$39,885,324,413	\$36,772,485,031
			End of Year Net Assets	\$43,625,620,270	\$39,885,324,413

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income **
Fixed Income Pools	\$ 7,050,167,117	16.3%	\$ 267,056,100
Equity Pools	20,826,454,404	48.4%	2,027,327,524
Real Estate Pool	3,245,483,600	7.5%	558,370,328
Alternative Investment Pool	5,491,257,612	12.7%	1,214,358,151
International Equities Pool	5,274,474,448	12.2%	891,183,032
Short Term Investments Pool	1,257,740,257	2.9%	59,535,561
Securities Lending Income			156,767,001
Investment Expenses			(205,979,299)
Total Assets & Net Investment Income	\$ 43,145,577,438	100.0%	\$ 4,968,618,398

* Market value excludes \$6,711,645,224 in cash collateral for security lending for fiscal year 2006.

** Total Investment & Interest Income excludes net security lending income of \$5,895,418 for fiscal year 2006.

Note: The complete 2005 Comprehensive Annual Financial Report from which this summary was derived is available on our website at www.michigan.gov/ors. If you are unable to download it from the Internet, you can email the Office of Retirement Services at ORSCustomerService@michigan.gov or call us at (800) 381-5111 to request a copy.